

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1721

January 24, 2022

SUMMARY OF BILL: Authorizes local governing bodies, by a two-thirds vote, to prorate tax year 2021 assessments for real personal, commercial, and industrial property and tangible personal property demolished, destroyed, or substantially damaged in a Federal Emergency Management Agency (FEMA) certified disaster occurring between August 20, 2021 and December 31, 2021. Deletes provision on December 31, 2022.

FISCAL IMPACT:

Decrease Local Revenue –

\$1,100/Cheatham County/FY22-23/Permissive
\$1,100/Decatur County/FY22-23/Permissive
\$1,100/Dickson County/FY22-23/Permissive
\$1,100/Dyer County/FY22-23/Permissive
\$1,100/Gibson County/FY22-23/Permissive
\$1,200/Lake County/FY22-23/Permissive
\$1,100/Obion County/FY22-23/Permissive
\$1,100/Stewart County/FY22-23/Permissive
\$1,200/Weakley County/FY22-23/Permissive

Assumptions relative to Proration Eligibility:

- On August 23, 2021, FEMA declared the severe storms and flooding occurring in Dickson, Hickman, Houston, and Humphreys Counties on August 21, 2021, a disaster.
- On December 12, 2021, FEMA declared the severe storms, straight-line winds, and tornadoes occurring in Cheatham, Decatur, Dickson, Dyer, Gibson, Lake, Obion, Stewart, and Weakley Counties on December 10-11, a disaster.
- Pursuant to Tenn. Code Ann. § 67-5-603 and Tenn. Code Ann. § 67-5-606, proration of assessments is authorized for qualifying events occurring to qualifying properties after January 1 and prior to September 1 of the tax year; therefore, the proposed legislation has no fiscal impact relative to the August 21 disaster.
- Any proration of 2021 property taxes by local governing bodies in Cheatham, Decatur, Dickson, Dyer, Gibson, Lake, Obion, Stewart, and Weakley Counties is permissive and dependent on a two-thirds vote by the respective legislative bodies.
- In order to qualify for proration, the qualifying property's replacement or restoration time must exceed 30 days from the date the damage was incurred.

- In jurisdictions voting to prorate property taxes, the county trustee and municipal tax collectors are required to refund the difference in tax resulting from proration for eligible property taxpayers who have already remitted property taxes for tax year 2021.

Assumptions relative to Damaged Properties:

- It is estimated that 100 percent of eligible property taxpayers will apply for proration.
- All proration estimates are calculated for 22 days, from December 10, 2021 through December 31, 2021.
- Based on information provided by the Comptroller of the Treasury, the 22-day proration totals for the following local taxing jurisdictions affected by the December storms are estimated as follows: Dickson County: \$1,062, Lake County: \$1,154, and Weakley County including the cities of Dresden and Greenfield, and unincorporated areas: \$1,180.
- The remaining counties of Cheatham, Decatur, Dyer, Gibson, Obion, and Stewart, did not provide data regarding locally assessed property.
- For the purpose of this analysis, it is assumed that the remaining counties will each have a proration total equaling the average of the totals from Dickson, Lake, and Weakley Counties, or \$1,132 [(Dickson County \$1,062 + Lake County \$1,154 + Weakley County \$1,180) / 3].
- It is estimated that the one-time permissive decrease in local revenue resulting from a proration of property taxes on properties damaged in the December storms will be: Cheatham County: \$1,132, Decatur County: \$1,132, Dickson: \$1,062, Dyer County: \$1,132, Gibson County: \$1,132, Lake County: \$1,154, Obion County: \$1,132, Stewart County: \$1,132, and Weakley County: \$1,180.

Additional Assumptions:

- Property taxpayers seeking proration must use a form approved by the Director of the Comptroller's Division of Property Assessments. Form creation and processing will be completed within existing resources. Any fiscal impact to the Comptroller of the Treasury's Office is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 67-6-396, any person receiving disaster assistance through FEMA for repair, replacement, or construction of the person's primary residence that was destroyed as a result of a natural disaster occurring in Tennessee is entitled to a local and state sales tax refund within one year of receiving FEMA assistance in an amount not to exceed \$2,500. The proposed legislation does not impact such refunds or any associated tax collections.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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